

## Opinion Piece/Column

### **FOR IMMEDIATE RELEASE**

September 2, 2010

### **FCC Shouldn't Forget California**

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Nearly 80% of California's voters believe the way out of this economic recession is through our technology sector. This comes as no surprise considering California is home to one of the most successful innovation economies in the U.S., and arguably the world. It's the home of making the impossible possible – almost all of the great technologies that touch your daily life began in California- in garages, basements and classrooms-and many of them right here in San Diego.

However, there's a battle being fought, far from the land of innovation-in the land of regulation and bureaucracy—that threatens this tradition of innovation.

As an offshoot of the debate over Net Neutrality, the Federal Communications Commission has begun proceedings to redefine a small piece of law with its origins in the Communications Act of 1934, the year that the year that the prison on Alcatraz was opened, a time when the Internet wasn't even imagined, and there was only one phone company. Obviously, 1934 was a time when the Internet wasn't even imagined, and there was only one phone company. Title II of the 1996 Telecommunications Act enforces specific regulations against phone and cable carriers but not against carriers providing information services, like Internet service. The Internet remains the FCC's untouched realm, a distant land that until now was kept at arms length for the express purpose of fostering innovation.

By and large, if something touches the Internet today it's unregulated, meaning there are no government regulations driving costs or governing innovation. If Title II is amended, the FCC will have the power to determine what it regulates with respect to the Internet. By example, right now, there is no regulation over how your Kindle receives the latest John Grisham book. If Title II passes, and the vote might be as soon as mid-September, the FCC will not only have the ability to regulate what's delivered, but also, how it's delivered.

Best case scenario: the FCC shows restraint and does not pass Internet regulations. Worst case scenario: the FCC does what federal regulatory bodies like to do, and regulates the Internet. Either scenario is problematic. Even if this set of current FCC Commissioners doesn't regulate the Internet now, the constant threat of new regulations will slow down innovation as a cloud of doubt is cast over the economic and regulatory certainties required for financing investment of new internet innovations. Additionally, it is likely that if the FCC claims legal authority to regulate the Internet, lawsuits challenging that power grab are inevitable. Even novice economists know that uncertainty and legal instability are mortal enemies to the innovation process.

If the FCC does regulate the Internet, the result will be increased costs for technology companies which will likely cause a barrier to entry for many start up companies and entrepreneurs who in this time in history, need all the help then can get over the starting line.

Both CONNECT and CALinnovates.org are dedicated to supporting innovation and technology in San Diego and throughout the state, especially at the start-up phase. We are concerned that the adoption of the proposed changes to Title II will undermine the very innovation that the FCC should be protecting and previously, pledged to protect.

And you don't have to take our word for it. Just five years ago California consumers were bombarded with advertisements from dozens of VOIP telephone companies springing up delivering inexpensive and hassle-free conference calls – then the FCC regulated them – and all but a few disappeared as the barrier for entry into the market was too great for most of the small players.

In order to stay on the forefront of the global marketplace and make certain that San Diego and California stay competitive, we urge the FCC to slow down and consider the unintended consequences that abound with the regulation of the Internet. The FCC recently met with industry stakeholders to try to reach a mutually agreed framework for Internet management which would prevent the FCC from moving forward with its “nuclear option.” Unfortunately, those meetings were called off without future prospects of resuming. Although we believe the talks should also include emerging companies developing the next generation of innovative applications and products, the talks should continue and resume promptly. We should continue to support and invest in broadband deployment that will continue to spur job creation and create economic and educational opportunities around our State. We should do whatever we can to support all of California's innovators but especially the start ups who just might, if we support them, from their garages, or basements, or classrooms create the next thing to change our world and in the process put a whole lot of Californians back to work.

***CONNECT*** is a regional non-profit organization in San Diego whose mission is to support research excellence and commercialization of innovation. It connects research institutions, angel, venture and institutional capital providers, R&D and business development arms of corporations, leading professional services providers and trade organizations together to accelerate the commercialization of innovation.

***CALinnovates.org*** is a statewide coalition focused on championing the conversation about the future of California's critical technology sector. CALinnovates.org brings together industry experts, thought leaders, tech innovators, policy makers and consumers in a non-partisan mission to promote innovation, create new jobs, spur investment and support tech-friendly policies.